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APPROVAL OF UNDP ASSISTANCE TO A PROJECT OF ARGENTINA

IPF:(1992-96) $ 9 455 000

(ARG/92/031) - Support to the Transformation of ENCOTEL into ENCOTESA

Date of approval by the AC:[1/]	25 November 1992
Expected duration:	Twelve months
Proposed executing agency:	Government
Government implementing agency:	Universal Postal Union (UPU)
Government cost sharing:	$ 8 059 800
Total UNDP budget:	$ 8 059 800

Project background

Among the measures taken to stabilize and reactivate the economy the Argentine Government is currently undertaking an ambitious programme of Public Enterprise Reform targeted to privatize most of them and to improve the efficiency and quality of services of those not subject to privatization.

One of the sectors targeted for reform is the telecommunications sector which is suffering from the lack of capacity to ensure the formulation and implementation of sound managerial policies to provide services at a consistently satisfactory level.

Within the telecommunications sector ENCOTEL, as a public enterprise responsible for carrying out the postal and telegraph services, is in a particular critical situation. ENCOTEL has at present 32.000 employees with a network of 5028 offices throughout the country. The volume of dispatches managed by ENCOTEL is 320 millions yearly.

ENCOTEL's performance has greatly deteriorated over recent years. The investment in technology and equipment have decreased together with the public reliance on the services provided by the enterprise.

Within the framework of the programme of the Public Enterprise Reform, the Government commissioned an international consulting firm to provide a technical assessment of ENCOTEL and to make recommendations on the transformation of its financial, managerial and operational structures. During this process consultations were held with potentially interested bidders who all emphasized the need for a restructuring of ENCOTEL prior divestiture.

On the basis of these recommendations the need for strengthening ENCOTEL to manage its

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[1/] This Fact Sheet reflects the status of the project/revision at the time it was approved by the Action Committee; modifications to the project/revision may have occurred subsequently.

bidders. In view of the above, UNDP has been requested to provide technical cooperation to assist in this process. Consequently, a two week mission by Universal Postal Union (UPU) was carried out to identify technical cooperation requirements and design the project document.

Description of project

The proposed project is included within the V CP objective of assisting in the overall strengthening of the State's management capacity. It coincides with the Government's priority to rationalize the public sector as a key element in the country's adjustment process.

The development objective of the project proposal is to assist in the restructuring and modernization of the postal services in Argentina.

The immediate objectives of the project are to: (a) redefine ENCOTEL's structure and its general management system; (b)organize management systems in the areas of finance, administration, marketing, quality control and productivity, operations, information and informatics; and (c) develop a human resources system.

Project activities will include: (a) defining and establishing the organizational and functional structure; and (b) organising the financial, administrative, commercial, information and human resources systems.

Inputs

UNDP will provide a total of (US)$ 1,180,000 for international experts and consultants in the fields such as postal distribution, informatics, systems development, quality/productivity, post classification, recruitment and selection, and training; (US)$ 1,348,280 of national consultants in fields such as marketing, human resources, administration, finance, publicity, informatics, etc.; (US)$D 3,450,000 for a subcontract in the fields of visual communication, advertising campaign, market survey and enterprises transformation and sale; (US)$D 1,800,000 for training in the form of study tours, fellowships, group training , on-the-job training, seminars and workshops; and non-expendable equipment; administrative support and local travel; and miscellaneous costs.

Financial data

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Personnel	2 549 800
Subcontract	3 450 000
Training	1 800 000
Equipment	200 000
Miscellaneous	40 000
Total	8 059 800

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